

Message Text

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ACTION EA-12

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H-01 INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02
SS-15 ICA-11 AID-05 COME-00 EB-08 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 SIL-01 OMB-01 STR-07 CEA-01
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P R 140635Z APR 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC PRIORITY 2991
INFO AMEMBASSY BRUSSELS
USMISSION GENEVA
AMEMBASSY LONDON PRIORITY
AMEMBASSY PARIS
USMISSION USUN NEW YORK
AMEMBASSY WELLINGTON

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USEEC

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E.O. 11652: N/A
TAGS: ETRD, EMIN, ENCTAD, AS
SUBJ: PM FRASER'S VIEWS ON COMMON FUND

REF: (A) CANBERRA 1360, (B) CANBERRA 2771(NOTAL)

1. SUMMARY: AS PRIME MINISTER FRASER'S ANNOUNCEMENTS DURING
THE RECENT COMMONWEALTH HEADS OF GOVERNMENT REGIONAL MEETING
(CHOGRM) OF AUSTRALIA'S NEW POLICY ON THE COMMON FUND
REPRESENTS A SIGNIFICANT SHIFT IN GOA POLICY IT WOULD SEEM
WELL TO EXAMINE WHAT HE ACTUALLY SAID IN SOME DETAIL, TO
DISCUSS HIS APPARENT BELIEFS WHICH LED TO THIS CHANGE AND THE
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REACTIONS OF THE BUREAUCRATS WHO MUST NOW CARRY OUT THE
POLICY. FRASER INDICATED CLEAR GOA SUPPORT FOR GOVERNMENTAL
CONTRIBUTIONS TO FUND AND SPELLED OUT SOME OF " OTHER
MEASURES" GOA WAS CONSIDERING AS BEING PROPERLY FUNDED BY
FUND. END SUMMARY.

2. FRASER'S REMARKS ON COMMON FUND DURING FORMAL STATEMENT

AT OPENING OF CONFERENCE WERE MORE OR LESS GENERAL AND LACKING IN DETAIL. HE REGRETTED THAT AGREEMENT HAD NOT BEEN REACHED IN INTERNATIONAL NEGOTIATIONS, SAID THAT AUSTRALIA HAD RECENTLY RE-EXAMINED ITS OWN POSITION ON FUND AND CALLED FOR BOTH DEVELOPED AND DEVELOPING COUNTRIES TO DO SAME.

3. THE PRIME MINISTER HAD, HOWEVER, LET THE CAT OUT OF THE BAG DURING A PRE-CONFERENCE PRESS CONFERENCE WHEN IN RESPONSE TO QUESTIONS HE WENT INTO CONSIDERABLE DETAIL AS TO JUST WHAT HIS GOVERNMENT HAS IN MIND. HE SAID THAT "THERE HAD BEEN MANY ARGUMENTS BETWEEN THE GROUP OF 77 AND GROUP B COUNTRIES ABOUT HOW A COMMON FUND SHOULD OPERATE AND HOW IT SHOULD BE FINANCED.." HE ADDED THAT THE DECISION AUSTRALIA HAD JUST TAKEN IN A CABINET MEETING TOOK IT " A CONSIDERABLE WAY AHEAD OF THE GENERAL GROUP B COUNTRIES.. IN ITS ATTITUDE TO THE COMMON FUND."

4. HE OUTLINED AUSTRALIA'S POLICY PRIOR TO THE CABINET MEETING, SAYING THAT GOA HAD "EARLIER STATED A VIEW THAT INDICATED THAT WE WOULD SUPPORT THE FUND BEING FINANCED BY THE PRODUCERS AND CONSUMERS OF COMMODITIES, THAT COMES FROM THE INDIVIDUAL COMMODITY ARRANGEMENTS, AND ALSO MAYBE BY GOVERNMENT AND WERE PREPARED TO CONSIDER 'OTHER MEASURES' WHICH MANY DEVELOPING COUNTRIES BELIEVED OUGHT TO BE FINANCED THROUGH THE FUND."

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5. HE THEN WENT ON TO STATE IN UNAMBIGUOUS TERMS THAT NOW AUSTRALIA HAD "MADE THE FIRM DECISION THAT THE FUND SHOULD BE FUNDED NOT ONLY BY CONTRIBUTIONS FROM PRODUCERS AND CONSUMERS, BUT ALSO BY DIRECT CONTRIBUTIONS BY GOVERNMENTS." HE ADDED THAT ALSO "IT WOULD APPEAR PROPER/ AND I THINK THIS IS THE MORE SIGNIFICANT CHANGE IN AUSTRALIA'S ATTITUDE -- THAT IT WOULD BE PROPER FOR THE COMMON FUND TO FUND 'OTHER MEASURES' WHICH COULD BE INVOLVED WITH TRANSPORT, DISTRIBUTION, AND A NUMBER OF OTHER MATTERS WHICH ARE RELATED TO SOME ASPECTS OF COMODITY TRADE."

6. HE WENT ON TO SUPPORT THE ESTABLISHMENT BY THE COMMONWEALTH OF A WORKING GROUP TO "STUDY THE NATURE OF OTHER MEASURES AND CONDITIONS THAT SHOULD APPLY TO ENABLE FUNDING TO TAKE PLACE."

7. WHIL ADMITTING THAT AUSTRALIAWRS NEW STANCE TOOK IT A STEP CLOSER TO THE G-77, HE ADDED A WORD OF CAUTION BY ADDING THAT "NOBODY IS GOING TO GET EVERYTHING THEY WANT OUT OF THE COMMON FUND. THIS BEING SAID, HOWEVER, HE STATED FIRMLY THAT IT WAS HIS BELIEF THAT " THE DEVELOPED COUNTRIES NEED TO APPROACH ANY FORTHCOMING DISCUSSIONS IN

RELATION TO THE COMMON FUND WITH A GREATER DEGREE OF
COMMITMENT THAN THEY HAVE SO FAR SHOWN."

8. WHEN ASKED WHETHER HE COULD MAKE A FIRM COMMITMENT THAT
AUSTRALIA WOULD BE A MAJOR CONTRIBUTOR TO THE COMMON FUND AND
TO GIVE A ROUND FIGURE ESTIMATE OF HOW MUCH, HE DECLINED TO
NAME A SUM, BUT ADDED THAT " IT IS POSSIBLE TO SAY, CERTAINLY,
THAT AUSTRALIA WOULD BE A CONTRIBUTOR TO THE COMMON FUND,"
AND THAT IN RELATION TO AUSTRALIA'S POPULATION THAT IT COULD
BE CONSIDERED A MAJOR CONTRIBUTOR.

9. FRASER TOOK DIRECT SWIPE AT EEC IN STATING THAT " VERY
OFTEN THE GREATEST PROGRESS TOWARDS AGREEMENT SO FAR AS
EUROPEAN COUNTRIES ARE CONCERNED IS MADE AT TIMES WHEN THERE
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ARE LOW COMMODITY PRICES BECAUSE IT IS OBVIOUSLY IN THIER
INTERESTS TO PUSH FORWARD FOR AGREEMENT ON THE BASIS OF A
FAIRLY LOW BASE AND THERE IS A TENDENCY TO LOSE INTEREST IF
PRICES GO IN ANOTHER DIRECTION." HE INDICATED THAT HE HOPED
THIS WOULD NOT BE EUROPEAN ATTITUDE TOWARD COMMON FUND.
FRASER DID NOT RPT NOT REFER TO U.S. IN THIS CONTEXT.

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10. FINAL CHOGRM COMMUNIQUE STATED THAT " HEADS OF GOVERNMENT NOTED WITH INTEREST THE INDICATIONS OF THE GOVERNMENT OF AUSTRALIA OF ITS ACCEPANCE OF THE NEED FOR DIRECT GOVERNMENT SUBSCRIPTIONS TO THE COMMON FUND, AND FOR'OTHER MEASURES,' WHILE RECOGNIZING THE NEED FOR FURTHER EXAMINATION OF THE SCOPE OF SUCH ACTIVITIES TO BE SUPPORTED BY THE FUND."

11. FRASER REFERRED TO AUSTRALIA'S COMMON FUND STANCE IN PRESS CONFERENCE HELD AFTER ISSUANCE OF COMMUNIQUE, STATING THAT HE HOPED THAT AS A RESULT OF INITIATIVES AUSTRALIA HAD TAKEN AND AS A RESULT OF DISCUSSIONS THAT HE THEN HOPED WOULD TAKE PLACE AT THE MINISTERIAL LEVEL IN RELATION TO LIMITED OFFICIAL USE

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COMMONWEALTH'S TECHNICAL WORKING GROUP REPORT ON COMMON FUND THAT WHEN NEGOTIATING CONFERENCE RESUMED IN APRIL OR MAY THAT IT MIGHT GET NEARER TO AGREEMENT THAN IT WAS WHEN IT BROKE UP LAST NOVEMBER.

12. J.C. JUMPHREYS, FIRST ASSISTANT SECRETARY, ECONOMIC DIVISION, DFA, RECENTLY TOLD EMBOFF AND ED HURWITZ OFFICE DIRECTOR, EA/ANP, THAT FRASER IS CURRENTLY KEENLY INTERESTED IN THE PROBLEMS OF THE THIRD WORLD, AS HE BELIEVES THAT PROGRESS TOWARDS UPLIFTING THE DEVELOPING COUNTRIES CAN CONTRIBUTE TOWARDS THE UPLIFT OF THE ECONOMIES OF THE DEVELOPED COUNTRIES. IN THIS CONNECTION HE BELIEVES THAT REAL PROGRESS TOWARDS CREATING ACOMMON FUND CAN MAKE A SIGNIFICANT CONTRIBUTION IN THIS FIELD. HE REPORTEDLY BELIEVES THAT THESE NEGOTIATIONS ARE STUCK ON DEAD CENTER AND THAT AUSTRALIA MUST CHANGE ITS TACTICS AND HOPEFULLY BRING THE OTHER DEVELOPED COUNTRIES ALONG TO THE PARTY. HE BELIEVES THAT BY BEING FORTHCOMING ON GOVERNMENT CONTRIBUTIONS AND "OTHER MEASURES" HE IS MAKING A DESIRABLE SHIFT FROM AN ESSENTIALLY NEGATIVE APPROACH TO THE COMMON FUND TO ONE THAT IS ESSENTIALLY POSITIVE. THIS IS NOT TO SAY, HUMPHREYS POINTED OUT, THAT HE INTENDS THAT AUSTRALIA GO TO HE NEGOTIATIONS WITH A WIDE-EYED WILLINGNESS TO ACCEPT ALL G-77 PROPOSALS, BUT RATHER WITH AN ATTITUDE OF "ALL RIGHT WE HAVE AGREED IN PRINCIPLE TO THE CONCEPT OF GOVERNMENT CONTRIBUTIONS AND 'OTHER MEASURES,' NOW LETS SEE WHAT CAN BE WORKED OUT IN PRACTICAL TERMS."

13. THUS, GOA'S COMMITMENT TO GOVERNMENT PARTICIPATION IN COMMON FUND IS QUITE CLEAR. WHILE ITS COMMITMENT TO "OTHER MEASURES" ALSO APPEARS CLEAR, JUST WHAT ITS VIEWS AS TO WHAT "OTHER MEASURES" SHOULD EVENTUALLY BE INCLUDED IS STILL SUBJECT OF CONSIDERABLE DISCUSSION AT INTERDEPARTMENTAL LIMITED OFFICIAL USE

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LEVEL. WE HAVE RECEIVED IMPRESSION THAT FRASER ANNOUNCEMENT ON "OTHER MEASURES" DID NOT HAVE ONE HUNDRED PERCENT BUREAUCRATIC SUPPORT (TREASURY AND DTR COMMODITY POLICY DIVISION UNDERSTOOD TO HAVE DRAGGED THEIR FEET) AND THAT PROCESS OF DECIDING JUST WHAT "OTHER MEASURES" WILL BE ACCEPTABLE AT INTERDEPARTMENTAL LEVEL HAS BEEN A DIFFICULT ONE AND IS STILL UNDER WAY. THIS BEING THE CASE, IT IS DIFFICULT TO ASSESS JUST WHAT GOA WILL BE READY TO PRESENT AT LONDON MEETING AND AT UNCTAD NEGOTIATIONS.

14. WITH REFERENCE TO STATEMENT BY U.K. OFFICIALS IN PARA 4 OF LONDON 5393 THAT AUSTRALIA IS "LIKELY TO BRING NEW ZEALAND WITH IT," WE VERY MUCH AGREE WITH EMBASSY WELLINGTON THAT "ONE CANNOT ASSUME THE GNZ WILL NATURALLY FOLLOW AN AUSTRALIAN LEAD." IN THIS CONNECTION, SEE COMMENTS IN CANBERRA 2771 THAT PM FRASER TRIED TO GET FOREIGN MINISTER TALBOYS TO CHANGE NEW ZEALAND'S POLICY ON THE COMMON FUND TO ACCORD WITH AUSTRALIA'S NEW POSITION, BUT THAT TALBOYS HAD SHOWN NO ENTHUSIASM FOR THE PROPOSAL.
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